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REPORT OF GOVERNOR'S COMMISSION 1948

Problems Involving Rocky Mount





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~~DEPARTMENT OF CITY
AND REGIONAL PLANNING
U.N.C. CHICAGO, ILL.~~

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No. 12
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PREFACE

The reproduction of the following "Governors Commission Report" with recommendations in pamphlet form is done in consequence of the urging of many people of Rocky Mount who did not have the opportunity of hearing the presentation, together with many others who hold the belief that the information contained therein and the recommendations made, should be known by all the citizens of Rocky Mount and the two Counties of Edgecombe and Nash in the hope that a more satisfactory solution may ultimately be found and followed.

In 1948 the Board of Trustees of the Rocky Mount School System and the Board of Aldermen of the City of Rocky Mount joined in an appeal to the two Counties of Edgecombe and Nash for a study looking to a comprehensive plan of cooperation between the three Units of Government in order that the three, viz: Rocky Mount, Edgecombe and Nash Counties, might grow greater together, in conditions of Health & Welfare, Education and Finance. Complete agreement could not be reached by the three units and the Governor of the State was requested to appoint an outside Commission of three men versed in matters affecting government administration.

Acting upon this request, the Honorable R. Gregg Cherry, then Governor of North Carolina, named the following to the Commission, the personnel of which were judged to be men of outstanding distinction, as measured by the standards of knowledge of the affairs of government, unchallenged ability, and of wide experience in public affairs.

Colonel William T. Joyner, Chairman
Outstanding Lawyer and student of Government
Raleigh, N. C.

Dr. D. D. Carroll of the faculty of the
University of North Carolina at Chapel Hill,
N. C.

Hoo. A. S. Brower, Administrative Department
of Duke University at Durham, N. C.

We here express our most sincere appreciation to the gentlemen of the Commission for their thorough investigation and analysis of the various problems, and sincere recommendations submitted, which we reproduce here for your examination and consideration.

Yours very truly,

MAYOR AND BOARD OF ALDERMEN

REPORT OF GOVERNOR'S COMMISSION Problems Involving Rocky Mount

I. ORIGIN AND FIELD OF INQUIRY OF THE COMMISSION

1. The origin of the Commission.

On February 20, 1947 the Board of Aldermen of the city of Rocky Mount adopted a resolution which starts with the phrase "The City of Rocky Mount is situated about one-half in Nash County and one-half in Edgecombe county. . . . From that base the resolution develops some of the problems faced by that split city. It ends with a petition to the Governor, the most pertinent part of which is " . . . that the Governor of the State be requested to take cognizance of this situation and appoint a Commission of disinterested qualified persons, experienced in government to make an investigation, hold hearings and report to him the facts, together with their recommendations for legislation framed to correct an intolerable situation; and likewise report upon other handicaps to good government and to community development inherent in the division of the city by a county line". A copy of that resolution is attached to this report as Exhibit A.

Thereafter the City of Rocky Mount presented copies of that resolution to the Boards of County Commissioners of Nash and Edgecombe counties, requesting each to join in the request for the appointment of a commission.

On March 3, 1947, the Board of County Commissioners of Nash County adopted a resolution expressing a desire to cooperate with the City of Rocky Mount and stating that Nash county had no objection to the appointment of the Commission requested by the Board of Aldermen of the City of Rocky Mount. A copy of that resolution is attached to this report as Exhibit B.

On March 6, 1947, the Board

of County Commissioners of Edgecombe County adopted a resolution reciting the presentation of the Rocky Mount resolution and declining to join in the request for a Commission, for reasons set forth rather fully in the Edgecombe resolution. A copy of that resolution is attached to this report as Exhibit C.

Thereafter representatives of the City of Rocky Mount presented their petition to the Governor.

On July 3, 1947, Governor R. Gregg Cherry appointed the undersigned as a Commission to make a study of the problems presented by the Rocky Mount petition and to make a report to him. A copy of such letter of appointment and authority dated July 3, 1947, is attached to this report as Exhibit D.

It will be noted that neither the Governor nor the Board of Aldermen of the City of Rocky Mount nor the Board of Commissioners of the County of Nash nor the Board of Commissioners for the County of Edgecombe is in any way obligated to accept or act upon any report or recommendation which this Commission may make. This Commission understands that its report to the Governor is purely advisory and that it is not binding upon any official or upon any municipal body.

2. The field of inquiry of the Commission.

The Governor's letter requested the Commission to investigate the following matters concerning the City of Rocky Mount:

1. Provision of adequate school system. Particularly capital outlay required for additional buildings.
2. Municipal health and hospital problems.
3. Administration of public welfare.
4. Equality of taxation and improved governmental efficiency.

In addition, the Governor requested consideration of other

matters "not may contribute to the well being of the citizenship affected and the governmental agencies concerned."

At the meetings of this Commission the following additional matters were brought to its attention by Rocky Mount representatives with the request that the Commission investigate them and report on them:

5. Establishment of a separate court in Rocky Mount with jurisdiction substantially equivalent to that of the Superior Court.

6. Distribution of profits from liquor stores.

Nature Of Problem

II. INTRODUCTION TO THIS REPORT AND A GENERAL STATEMENT OF THE NATURE OF THE PROBLEMS.

1. Organization and operation of the Commission and cooperation by municipal bodies.

Since July 3, 1947, the Commission has had numerous meetings at Raleigh, Chapel Hill, Durham, Nashville, Rocky Mount and Tarboro. It has afforded full opportunity to any person to be heard by the Commission. It has invited suggestions and discussions. It employed a competent assistant to the Commission to make certain factual investigations and make a preliminary factual report to the Commission. Such assistant was engaged for approximately two months and made a report to the Commission. The members of the Commission have made extensive studies of the facts and of the problems considered.

At all times the Commission was accorded a cordial reception and complete and friendly cooperation by the Commissioners and officials of Nash County. The Commissioners and officials of Edgecombe County and the Board of Aldermen and officials of the City of Rocky Mount. All of these public officials and many interested citizens have given to the Commission the heartiest and the friendliest cooperation. They have furnished the Commission with all facts requested.

2. The nature of the Rocky Mount problems.

As the City of Rocky Mount points out in its initial resolution, the peculiarity of its problems is due to its geographical location in two counties. The main line of the Atlantic Coast Line Railroad runs through the heart of the City of Rocky Mount. It divides the principal business street and the business and residential sections of the City of Rocky Mount. The land east of the Atlantic Coast Line Railroad is in Edgecombe County. The land west of the Atlantic Coast Line Railroad is in Nash County. The railroad divides the City of Rocky Mount almost, but not precisely, equally. According to latest official (1940) census the population of Rocky Mount is 25,568. Fifty-three per cent of the Rocky Mount population resides on the Nash County side. Forty-seven per cent of the Rocky Mount population resides on the Edgecombe County side. Of Rocky Mount's property listed for ad valorem taxation approximately 58.3 percent lies in Nash County. Approximately 41.7 percent lies in Edgecombe County. These figures include an approximation of property in Rocky Mount assessed by the State Board of Assessments.

In dealing with and attempting to solve any municipal problem concerning schools, health, welfare, or any of the numerous activities in which a city and counties must work together, there are three bodies which must act rather than two.

To solve its common problems Rocky Mount must go first to Nash and then to Edgecombe or first to Edgecombe and then to Nash. Obviously, any problem which involves three parties is much more complicated than a like problem which involves only two parties. The necessity of dealing with two counties is the cause of Rocky Mount's peculiar problems.

3. The similarity of the Rocky Mount problems to all North Carolina Municipal problems.

Basically, the Rocky Mount problems are in no way different from the problems faced by every city in the State of North

Carolina. Only the complexity of the solution differs. In our state we do not have any county which is confined to the limits of a single city. That is, we do not have, as do some states, for example, Virginia, independent, specially incorporated cities. Each city in North Carolina is a part of a much larger geographical area, a county. Every city and every county in North Carolina faces the difficulty of jointly solving those problems which are most important in the Rocky Mount list. For example, in North Carolina the joint solution of each of the following important problems faces each city and of each county which embraces a city:

(a) What is the equitable distribution or use of county money available for school construction?

(b) What is the equitable distribution of money raised by county-wide taxation for public health?

(c) What is the equitable distribution of money coming from new sources of revenue, such as from tax on intangibles, tax on beer and wine sales, profits from a county operated liquor store?

(d) What is the proper method of valuation for ad valorem taxation of city real estate as contrasted with farm lands?

(e) What are the proper locations for the hospitals and the county homes?

Controversies

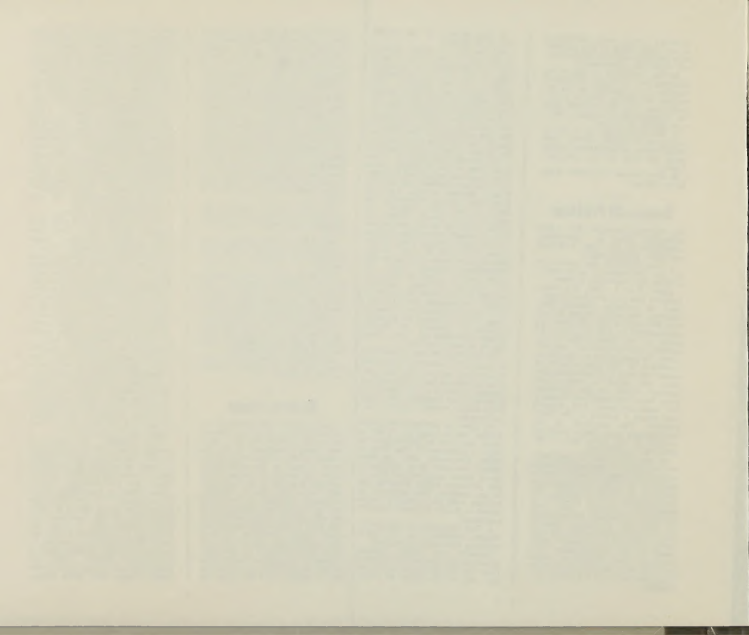
All of these are problems which have been the subject of discussion and controversy for years and which continue to be the subject of discussion and controversy. Some of the city-county problems have been temporarily settled. It is yet to be seen how long they will remain settled. Certainly, a change of conditions will bring about a reopening of the discussion of the problems. The only possible generalization about those problems is that any solution is temporary. No hard and fast rule is possible. Constant, careful attention and sincere cooperation is required. For a county and its cities to

live together in peace and harmony, it is necessary that there should be constant, sincere, tolerant and intelligent cooperation. Representatives of the city must study and must know the county problems and county finances. Similarly, representatives of the county must study and must know the city problems and city financial difficulties. Only by a tolerant approach to the subject of getting along together can peace be preserved and satisfactory results accomplished. Generally speaking, our cities and our counties have lived together in cooperative harmony. They have recognized and have practiced the principle of "give and take".

4. The accentuation of "the Rocky Mount problem."

The difficulty of arriving at a proper balance of give and take between a city and a county has been greatly increased, more than doubled, in Rocky Mount's case because Rocky Mount must give and take with Nash County and must give and take with Edgecombe County. This not only doubles the number of agreements which must be made but makes achieved agreements more shaky because of inevitable comparisons. Any tentative achieved solution with one county must be compared with a tentative or achieved solution with the other county. If the solution with County No. 1 is more favorable to Rocky Mount, there is inevitable resentment in Rocky Mount against County No. 2. On the other hand, it is almost inevitable that in each county there be some suspicion that Rocky Mount is attempting to play one county against the other.

The difficulty of balancing county treatment is heightened by the fact that Rocky Mount is more of a Nash County town than it is an Edgecombe County town. We will develop that in more detail in discussion of specific problems. It is sufficient here to say that Rocky Mount is more important to the economy of Nash County than it is to the economy of Edgecombe County. More Rocky Mount property is located in Nash County than in Edgecombe County. More of Rocky Mount's trade comes from Nash County than from Edge-



combe County. Less competition is received from other Nash County towns than is received from other Edgecombe County towns. The citizens of Rocky Mount are much more potent and influential economically and politically in Nash County than they are in Edgecombe County. Rocky Mount citizens think that they receive better treatment from Nash County than they do from Edgecombe County. The facts, in the opinion of this Commission, bear out and support that thought. So conditions have promoted the growth of antagonism and misunderstandings.

To summarize, the special Rocky Mount problems arise from two things:

(a) The fact that the city must deal with two rather than one county political unit.

(b) The difficulty of maintaining a balanced treatment from those two units.

5. Neither the present condition nor the future prospect of Rocky Mount is "intolerable".

Before discussion in detail of the several specific problems and before making one several recommendations, the Commission would like to record its outstanding firm conclusion that the Rocky Mount situation is not one which is intolerable now or which casts a shadow of becoming intolerable.

The men composing the Board of County Commissioners of Nash County, the men composing the Board of County Commissioners of Edgecombe County and the men composing the Board of Aldermen of the city of Rocky Mount differ in their temperaments, their surroundings, and their backgrounds. However, they are all men of excellent character, fine intelligence and complete sincerity of purpose. There are no better men, no sounder men, those three governing bodies. There are no sounder people, no more sane people, no more reasonable people in North Carolina than are the citizens of Nash County, Edgecombe County and Rocky Mount. Such people can get along with one another. They must get along with one another.

They can reach an amicable solution of the basic problem of how to give and take and live together sympathetically and cooperatively. The problem is merely more difficult because of the geographical division of the city. The problem merely requires more work, more intelligence, more tolerance. The present situation is far from being intolerable. This Commission concludes its work with the very strong feeling that there is every reason to believe that Rocky Mount can continue to get along with Nash County and with Edgecombe County and with itself.

III SOME HISTORY AND SOME BACKGROUND FACTS

As an aid to understand the present Rocky Mount problems, it is important to know something of the history of the two counties and of the City of Rocky Mount. It is further important to give some details as to the division of the city, its population and its property, between the two counties.

First we will take a brief look at history.

In 1741 Edgecombe County was officially incorporated by legislative act. It was one of the earliest of the North Carolina counties. It covered a great area. It was essentially agricultural in its nature and its agricultural trend was to large farms.

In 1767 the Town of Halifax was incorporated. At that time it was in Edgecombe County and was the largest town in that county, being at or near the head of navigation of a very important waterway, the Roanoke River.

In 1768, one year after the incorporation of the Town of Halifax, the county of Halifax was created. It was carved off of Edgecombe.

In 1769 the Town of Tarboro was incorporated. Tarboro, near the head of navigation of the Tar River, a river of lesser importance than the Roanoke, began to grow as a city, it's growth was aided by the fact that it was near the center of Edgecombe County and became its county seat.

In 1777 Nash County was created. It was carved off of Edgecombe.

Nash County Seat

In 1833 the Town of Nashville was incorporated. It became the county seat of Nash County.

In 1833 the Wilmington and Raleigh Railroad was chartered. It was the first railroad project in the State of North Carolina and one of the first in the nation. Originally it was planned that the railroad would connect Wilmington and Raleigh, by way of the head of navigation of the Neuse River near what is now Goldsboro. That railroad, as it developed, became the reason for the creation and the growth of the City of Rocky Mount.

In 1835 the Wilmington and Raleigh Railroad was authorized to proceed, instead of to Raleigh, to a point on Roanoke River near the head of navigation of the Roanoke. Whether this was the result of a lack of interest by the citizens of Raleigh and Wake County and failure to subscribe to construction funds of the railroad or whether, as seems more probable, Weldon was the more natural terminus of the railroad, being at the head of navigation of a very important river, tapping a large eastern territory, is not important to this study. It is sufficient that the authority to go to the Roanoke River was secured and the railroad was built through Goldsboro and Rocky Mount to Weldon, and became the Wilmington and Weldon Railroad. In 1840 the construction to Weldon was completed. As a matter of interest, but without any special significance in this study, that railroad was 161 1-2 miles in length, it was reported to be the longest railroad in the world at that time and its "rails" were iron strips nailed on longitudinal strips of wood. They were covered with iron caps. When this railroad first went through what is now the Rocky Mount Community, no one realized its importance because twenty six years were to elapse before the city was incorporated.

In 1887 the Town of Rocky Mount was incorporated (March 4, 1887, Private Laws 1866-1867, chapter 95) by an act entitled "An act to incorporate the Town

of Rocky Mount in the County of Edgecombe." The town was one square mile. All of it lay in Edgecombe County.

In 1871, March 31, by Public Laws of 1870-71, chapter 171, there was transferred from Edgecombe County to Nash County all of that part of Rocky Mount, and, in fact, all of that part of Edgecombe County, lying west of the Wilmington and Weldon Railroad. As a matter of interest that act is copied here in full: "AN ACT TO CHANGE THE LINE BETWEEN THE COUNTIES OF EDGECOMBE AND NASH."

Section 1. The General Assembly of North Carolina does enact, That all that portion of Edgecombe County (west to the Wilmington and Weldon Railroad), and between the Halifax and Weldon lines, be and the same is hereby annexed to and shall form a part of Nash county: Provided, Nash county shall be responsible for the sum of eight hundred dollars the proportion of the Edgecombe county debt falling to Nash County in case of such annexation and which sum when paid shall discharge and release from all further claims in this behalf.

Sec. 2. This act shall be in force from and after its ratification. Ratified the 31st day of March, A. D., 1871."

It is interesting to note that Edgecombe County thereby gave up what is now the major portion of the City of Rocky Mount, having an ad valorem tax value of 17 million dollars, and received as consideration, as recited in the statute, the assumption by Nash County of \$800.00 of Edgecombe County's indebtedness. It is a legend which has the look of truth, but which has not been verified by this Commission, that the primary objective of Edgecombe County in agreeing to the ceding of that large territory to Nash was to get rid of the burden of maintaining a bridge across the Tar river and near location of the Tar and near the location of the Rocky Mount Mills, in what was then the western portion of Edgecombe County but is now the eastern portion of Nash County. Nash took the burden of \$800.-

Of Edgemonte's debt. The burden of maintaining one bridge over the Tar River and get half of Rocky Mount and other additional territory.

Since 1871 the Town of Rocky Mount, incorporated in 1867 and growing rapidly since that time, has been divided almost equally in area by the Wilmington and Weldon Railroad, now the Atlantic Coast Line Railroad, and has faced the consequent problems growing out of the necessity of dealing with two county units. In addition to history of origin it is helpful to know something of the history of growth.

Originally Edgemonte was much wealthier than Nash. In 1870 from reports made to the State Treasurer we appear that there were collected in Edgemonte poll taxes in the amount of \$3,250.35 as compared with similar poll taxes collected in Nash in the amount of \$1,440.00. In that year the State land taxes collected from Edgemonte County were \$8,140.86. The state land taxes collected from Nash were \$2,657.31.

Taxes In Edgemonte

The taxes collected for county purposes in Edgemonte were about three times what they were in Nash in 1870. In that year Edgemonte County collected taxes for all purposes in the amount of \$7,114.42. Nash County collected taxes for all purposes in the amount of \$5,614.58.

The counties were, in 1870, remarkably similar in size. Edgemonte had 322,295 acres; Nash 310,075 acres. But Edgemonte greatly exceeded Nash in values. The tax value of rural land in Edgemonte was \$2,338,631.00. The tax value of rural land in Nash was \$780,929.00. The town property in Edgemonte was valued at \$238,125.00; the town property in Nash at \$11,085.00. It is obvious that Tarboro exceeded Nashville and that Rocky Mount was negligible.

In 1870 the population of Tarboro was 1,340. In that year the population of Rocky Mount

(which was then in Edgemonte County) was 357. In 1870 the population of Edgemonte County was 24,667. The population of Nash County was 11,077. In 1930 the population of Edgemonte County was 47,891 and in 1940 the population of Edgemonte County was 49,162. In 1930 population of Nash County was 52,782 and in 1940 55,608. Nash County had grown more rapidly than had Edgemonte since 1930 and much more rapidly since 1870. Nash County had also passed Edgemonte in area, due to the change of county line in 1871. In 1940 Nash had an area of 552 square miles while Edgemonte had an area of 511 square miles. So there is a remarkable similarity in size. The density of population in Nash now slightly exceeds that in Edgemonte. In 1940 the population in Nash was 100.7 persons per square mile while the population in Edgemonte was 92.22 persons per square mile.

Our Commission was reliably informed and its observation bore out this information that Edgemonte agriculture was conducted largely through large farm operations by tenant labor whereas in Nash there was a prevalence of smaller farms with the owners living on the smaller farms and tending the acreage. This tends to cause a higher value of rural residences in Nash. It probably tends to greater productivity per acre.

The two counties are remarkably alike in area, in value of property, in value of farm lands and in all available economic statistics. They are much alike in the nature and temperament of the people. There are the following recognized points of difference:

1. The percentage of Negroes (which in both counties) is higher in Edgemonte than in Nash.

2. The percentage of tenant farmers is higher in Edgemonte than in Nash, or contrary wise, the percentage of home owning farmers is higher in Nash than in Edgemonte.

3. The growth of Nash has been more rapid.

From those facts the general observation might be expected that Edgemonte is the more con-

servative of the two counties. That was the observation of this Commission. Edgemonte in most matters would be expected to be slower to make changes than Nash. We think that is the situation. This points to one important conclusion; namely, the fact that it is harder for Rocky Mount to secure cooperative action from Edgemonte than it is to secure cooperative action from Nash is due in considerable part to the more conservative nature of the Edgemonte citizenship and the resultant increased difficulty of getting any new action. Rocky Mount must expect slower reaction from Edgemonte than from Nash.

It is worthwhile to look at the cities and their growth. In 1930 Nashville had a population of 1,137; in 1940 it had a population of 1,171. In 1930 Tarboro had a population of 4,565. In 1940 its population was 8,379. In 1930 its population was 7,148.

In 1930 Rocky Mount had a population of 12,742. In 1930 Rocky Mount's population was 21,412. In 1940 its population was 25,975. In 1840 Rocky Mount was the largest city in North Carolina east of Raleigh with the exception of Wilmington. In that year it was 33 percent larger than its nearest eastern North Carolina competitor.

Population Figures

Observation fortifies the conclusions which arise on a study of the population figures. Nashville with a 1940 population of 1,171 is practically standing still. Tarboro with a 1940 population of 7,148 is making slow but steady progress. Rocky Mount with a 1940 population of 25,975 is making very rapid progress and seems destined to become a much larger city than it is at this time. Rocky Mount is located on the mainline of an important and busy double track north-south railroad trunk line and on the most important north-south highway running through eastern North Carolina. Each location gives to Rocky Mount a tremen-

dous strategic advantage over any other town in Edgemonte or Nash County. Rocky Mount is destined to become even more important as a city.

Temperamentally Rocky Mount is a city of ambition, hustle and push. Tarboro, its nearest competitor in the two counties, is much more reserved and conservative.

This leads to another important conclusion. Rocky Mount must expect and must be prepared to put up with some slowing up of its motion by more conservative cooperators. We believe that every progressive North Carolina city faces a similar condition. To recognize this condition is to solve it in part. III (2) SOME STATISTICS ON THE SPLIT OF POPULATION AND PROPERTY.

- (a) Population in 1940, the year of the last official census, Rocky Mount had a population of 25,975. Of that total, 53 percent or 13,590 resided on the Nash side. Forty-seven percent, or 11,978 resided on the Edgemonte side. Interestingly enough, in 1940, the Rocky Mount population on the Nash side was 24 percent of the Nash County population and the Rocky Mount population on the Edgemonte side was 24 percent of the Edgemonte population.

- (b) Property. The property was not so evenly divided. For the last tax valuation year, 1947, there was listed for ad valorem taxation within the city limits of Rocky Mount, property of a tax value amounting to \$29,457,420 (including estimates of property assessed by State Board of Assessment). Of this total, \$17,158,400 or 58.3 percent was on the Nash side. That left \$12,299,020 for Rocky Mount property, or 41.7 percent, on the Edgemonte side. The startling difference between the population division and the property division may be due in some part to the fact that the property division figures are seven years later than the population division figures. It may well be that the population is swinging more to the Nash side. Certainly the current trend of property is strongly to the Nash side. Observation and build-

ing permit figures lead to the conclusion that the trend in recent years has been to build more on the Nash side. This is particularly true with respect to busi-ness developments. For the past six years the Rocky Mount build- ing permit figures show that building permits for buildings on the Nash side of Rocky Mount have amounted to \$2,307,915, whereas building permits on the Edgecombe side of Rocky Mount have amounted to \$1,559,020. This is due, we think, in some part to the difference in county tax rates.

As we shall point out later in this report the Board did not receive any suggestion or any fact leading to an inference that there was any difference in the valuation methods applicable to valuation of property on the Rocky Mount property on the Nash side and Rocky Mount prop-erty on the Edgecombe side. So far as we could ascertain the properties on both sides were valued alike. Therefore, the dif-ference in total valuations can- not be ascribed to methods of valuation. There is much more property value on the Nash side.

The excess Rocky Mount prop-erty value on the Nash side re- sults in Rocky Mount being somewhat more important to the Nash County economy than it is to the Edgecombe County econ-omy, although it is very impor- tant to both.

Due to the greater proportion of Rocky Mount property on the Nash side, the Rocky Mount val-uations constituted 41.1 per cent of the total Nash Mount val-uations, whereas the Rocky Mount val-uations in Edgecombe constituted 38.5 per cent of the total Edge-combe valuations. Although Rocky Mount is relatively small, what more important to the Nash economy than it is to the Edge-combe economy, still it is the most important element in the economy of each county. It is very plain that Rocky Mount is the greatest financial asset that either county has. It is very plain that either county would have its economy completely dislocated if its Rocky Mount property should be subtracted.

(c) Tax Rates. Tax rates are significant primarily as they re-

fect a difference between Nash and Edgecombe and thereby con-tribute greatly to the difficulty of keeping the scales balanced. We give below a table showing the tax rates for each of the three municipal entities for the last four tax years:

Years	Nash	Edgecombe	R. Mt.
1944	1.00	\$1.10	\$.38
1945	1.00	1.10	.38
1946	.85	1.30	.60
1947	.85	1.30	.60

Difference in Rate

The difference between the Edgecombe rate and the Nash rate is exceedingly unfortunate and greatly adds to the difficulty of solving the split city problem. In the first place it creates un- rest in the city. In the next place it has an inevitable tendency to concentrate property on the Nash side. For example, if a large tobacco company (and there are many such in Rocky Mount) has a million dollars worth of tobacco in hogsheds on hand about tax- listing day, the natural tendency will be to store it on the Nash side where it will be taxed 85c per hundred rather than on the Edge-combe side where it will be taxed \$1.30 per hundred, or 50 per cent more than if on the Nash side.

The low Rocky Mount tax rate is due to a number of things, in- cluding good management. Prob- ably the most important factor has been the large profits made by the city on its municipally owned utilities. There is every in- dication that greatly increased cost of operation, including im- portantly the cost of coal, will substantially reduce those profits in the future. This was reflected in an increase in the Rocky Mount tax rate for the year 1947 from 6c, cents to \$1.00.

IV. INITIAL CONCLUSION AND FIRST AND PRIMARY GENERAL RECOMMENDATION.

Before discussing the six spe- cific problems which have been presented we wish to make some general observations about the composite problem. We have said that we do not think that the

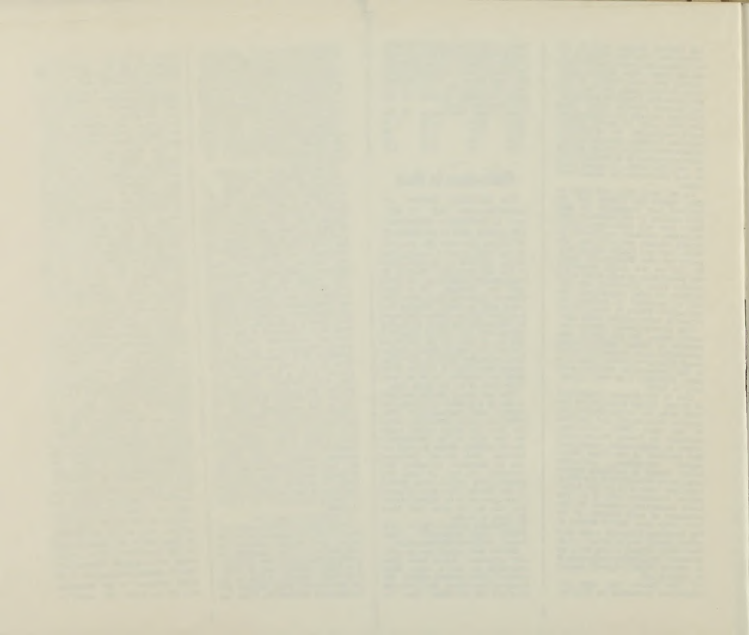
present situation is intolerable. On the other hand, we concede that it is quite difficult to per- fectly obvious that on an aggressive growing city attempting to solve its problems with two counties meets with much more difficulty than such a city having to deal with only one county. There are several ways which have been suggested to eliminate the dou- ble nature of the problem. We will discuss those first and dis- pose of them.

Formation of a new county. Rocky Mount's problem of two county dealings could be completely eliminated by the for- mation of a new county which would consist of the city of Rocky Mount only. We definitely and strongly recommend against any consideration of that solution. In the first place it is completely impossible of achievement, in our opinion. We do not think that the Legislature of North Carolina would ever take such ac- tion. In the next place, we would recommend very strongly against the Legislature giving favorable consideration to such a separa- tion. It is a part of the very fa- bric of the economy of our state that our numerous cities and towns constitute a part of the economy of a larger rural area. That is the way our state has grown. That is the way our cit- ies were formed and have grown. We believe that that is sound. We believe that the city should not segregate itself or abandon the economic problems of the rural communities. We think that Rocky Mount should re- main a part of the fundamental economy of Nash and Edge-combe counties. These coun- ties are the parents of the City of Rocky Mount. They have fos- tered its growth. Rocky Mount has always been a part of them. It should continue to be a part of them.

Change the county line. Rocky Mount's two county prob- lem could be eliminated if the county line between Edgecombe and Nash should be changed and Rocky Mount should be put whol- ly in Edgecombe County or whol- ly in Nash County. Again we do not recommend that solution. We recommend against it. First we

think that there is no practical possibility of its achievement. Next, we think that such a rad- ical change would severely dis- rupt the economy of one of those important counties. Neither Nash nor Edgecombe can afford to lose its part of Rocky Mount. Of course, the situation might become so impossible, so desper- ate as to make a change of coun- ty line necessary. If it should become impossible for Rocky Mount to work out its problems with Nash County it might be- come necessary to annex it to Edgecombe. If it should become impossible for Rocky Mount to work out its problems with Edge-combe County it might become necessary to annex it to Nash. Certainly that situation is not now presented. It is the opinion of this Commission that such a desperate situation will not be presented in the future. We do not believe, that either county will be guilty of such deliberate discrimination, unfairness and injustice as to justify the divorc- ing of Rocky Mount.

Combine the two counties. Rocky Mount's two county prob- lem would be eliminated if Nash and Edgecombe counties should be combined. This would be true no matter where the county seat of the combined counties should be placed. That, we think, is the only way in which Rocky Mount's two county problem will ever be eliminated. On this we do not make a recommendation, be- cause our observation of the son- timent in the counties and our knowledge of the temper of North Carolina Legislatures convinces us that it is impractical and can- not be done now. We think that when possible of achievement this result would be desirable. But to work now for such an end would only produce friction and quarrels, would upset the citi- zenship of the three municipal entities and would accomplish no good result. We point out that in 1930 there was a very careful study by a skilled organization (the Brookings Institution) of de- sired changes in the organiza- tion of the state. Its report re-



commended eleven specific consolidations of counties. Not one has been achieved. So far as we know not one has been seriously attempted.

Nearly fifteen years ago, on March 29, 1933, the Legislature of North Carolina enacted a law, Public Laws 1933, Chap. 193, permitting the consolidation of adjoining counties upon proper County Board resolutions and a vote of the people. In the past fifteen years there has not been one consolidation under that statute. So far as we have been advised there has not been one effort to consolidate under that statute. Consolidation of counties is unpopular and will be, we think, unpopular for sometime.

Therefore, because consolidation between Nash and Edgecombe cannot be achieved at this time and because agitation of that subject would result in harm to each of the political entities, we do not make any recommendation of consolidation.

However, we cannot pass this subject without expressing the opinion that the trend of the times points to the advisability of county consolidations. Paved roads, improved methods of communication, the elimination of many of the county government functions and duties point toward the feasibility of consolidation. The efficiency and economy which would result from consolidation point toward the desirability of consolidation. Therefore, although we do not now make a recommendation of consolidation of Nash and Edgecombe Counties, it may well turn out to be wise in the next 20 to 50 years.

It is our conclusion that the Rocky Mount split city problem will not be solved at any time in the foreseeable future by the elimination of the problem; namely, eliminating the split between the two counties. So, the problem of Rocky Mount and the problem of Nash County and the problem of Edgecombe County is how to live together best. They cannot be separated. They cannot be separated. They cannot

be consolidated. So, they must live together.

We think it entirely possible and feasible for those three entities to solve their problems harmoniously, cooperatively and constructively. There is no real reason why the citizens of Edgecombe and the citizens of Nash and the citizens of Rocky Mount cannot get along together.

There must be a diligent attempt on the part of each of the three entities to understand the problem of the other two. Then all of those problems must be faced with tolerance and with good will, and must be handled with careful courtesy and diplomacy.

That conclusion brings us to our first recommendation.

The affairs of Edgecombe County are conducted by five County Commissioners. They are nominated by districts but are elected by county wide vote. Rocky Mount in Edgecombe County lies in one of the County Commissioner districts. There is no Rocky Mount man on the Edgecombe County Board. During the past two years, and during the problem year of 1947 when this Commission was sought, there was no Rocky Mount man on the Edgecombe Board. The Edgecombe County leaders with whom we have discussed this matter conceded that a Rocky Mount man should be on the Board of County Commissioners and say that they would like to have one and would help to get one. The Rocky Mount people admit that their failure to have a Rocky Mount man on the Edgecombe Board is the fault of the Rocky Mount people and admit they could have had one had they so desired and admit they can have one in the future. We think it highly important, in the solution of the mutual problems, that a resident of Rocky Mount from the Edgecombe side be elected as a member of the Edgecombe Board of Commissioners. This man should be selected very carefully. He should be a leader, a man of keen intellect, a man who will be willing to be diligent in his attendance at meetings and in his study of county and city problems and

who is fair minded and, most important, a diplomat. We think that such a Rocky Mount man can be found and that his selection and service as a member of the Board of Commissioners of Edgecombe County will do more than any other one thing towards solving the problems existing between the City of Rocky Mount and Edgecombe County.

Applies To Both

What we have said for Edgecombe we repeat for Nash. The affairs of Nash County are governed by a Board of five Commissioners. They are selected by county wide vote. There is no Rocky Mount resident on the present board of Nash Commissioners. Again the leaders in Nash with whom we have talked say that this is the fault of Rocky Mount people. That they will help elect a Rocky Mount resident and would welcome a Rocky Mount resident on the Nash County Board. Again the Rocky Mount people concede that this end could not be achieved and that the fault is theirs that it has not been done. Again we recommend that an able, sincere, diligent, tolerant, and diplomatic resident of the City of Rocky Mount be elected to the Board of County Commissioners of Nash County.

The foregoing is our first and a very important recommendation.

School Building

V. SPECIFIC PROBLEM NUMBER ONE THE SCHOOL BUILDING PROBLEM

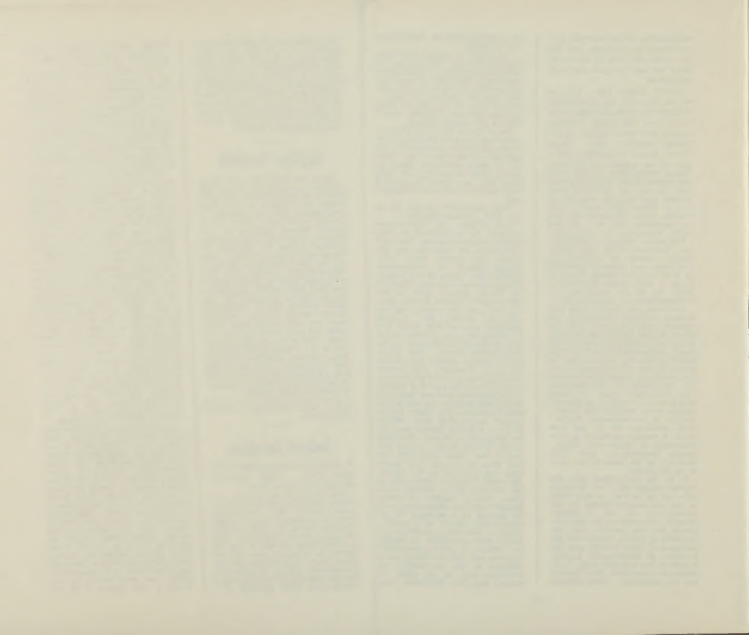
The origin of the present agitation which resulted in the appointment of this Commission was an argument over school building funds. In 1947 the City of Rocky Mount wished to build a senior high school. It had selected a tentative site on the Nash side which would cost approximately \$75,000. It desired to put on that site a building which would cost from \$700,000 to a

million dollars. It desired Nash and Edgecombe Counties to cooperate in that program.

Each county is now operating on a pay-as-you-go plan and strongly desires to stay on that plan. Each wishes to confine its capital expenditures for schools and other things to money on hand. The people of Rocky Mount recognize the reasonableness of this position and the futility of attempting to change it. This Commission approves the pay-as-you-go policy of each county.

The Rocky Mount plan and suggestion to the two counties was, in substance, this: That Nash County contribute \$45,000 to the purchase of the site; that Edgecombe County contribute \$30,000 to the purchase of this site; that Rocky Mount under appropriate proposed legislation become a special school district; that it, present to the people in that special school district a vote on the issue of bonds for a new high school; that to aid in the retirement of those bonds Nash County and Edgecombe County agree to turn over to Rocky Mount for the retirement of those bonds and for other school improvements an agreed proportion of the county money devoted by the county to capital school construction. The agreed proportion, to be determined each year, was the agreed figure between Rocky Mount and listed in the county ad valorem taxes and Rocky Mount's proportion of the county school enrollment.

That proposal would have worked in this way. We take Nash County for an example. In any year in which Nash County should have funds available for school construction purposes it would determine the ratio of the Rocky Mount property listed for Nash County ad valorem taxes to all property listed for Nash County ad valorem taxes. This would amount to, say, 41 per cent. It would then determine the ratio of the Rocky Mount school enrollment in Nash County to all Nash County school enrollment. That would produce a figure of say 20 per cent. Add those two together and there would be produced a total figure of 61 per



cent. Divide by two and there would be determined the mean ratio of 30 and one-half per cent. Thereupon allocate and hand over to Rocky Mount 30 and one-half per cent of the Nash County money available for capital school construction.

Applying the same formula to Edgecombe County for current year there would be produced a property valuation ratio of approximately 48 per cent, a school enrollment ratio of 23 per cent and a mean ratio of 30 one half per cent.

The Nash County commissioners said to the City of Rocky Mount that they would contribute \$45,000 to the purchase of the site on the Nash side. The representatives of the City of Rocky Mount understood that the commissioners also said that they would agree to the formula suggested by the City of Rocky Mount if the Edgecombe commissioners were willing to it.

When the representatives of Rocky Mount went to Edgecombe County a first hurdle was cleared. There was no objection in putting the high school on the Nash County side. An opinion had been secured from the Attorney General that Edgecombe County could contribute funds to the construction of a high school on the Nash County side if it was to serve the Rocky Mount high school children residing on the Edgecombe side as well as the Rocky Mount high school children living on the Nash side.

The Rocky Mount representatives did not understand that the Edgecombe County commissioners committed themselves to the appropriation of \$30,000 for the purchase of a site.

Ratio Not Accepted

On the question of the formula for allocation of Edgecombe County school building funds the commissioners were clear and resolute. They would not accept the mean ratio requested by the City of Rocky Mount. They insisted that if a formula was to be used it be the ratio of school population; that is, the ratio of Rocky Mount's school children

residing in Edgecombe County to all school children residing in Edgecombe County.

The effect of this position by the Edgecombe Board was to block Rocky Mount in Edgecombe and also block what Rocky Mount thought it had secured tentatively from Nash.

So the frustration in Edgecombe was doubly severe because it resulted, the Rocky Mount people thought, in frustration in Nash.

This Commission met with the Nash County commissioners on the 18th day of August, 1947. There were present all of the commissioners and the county attorney. The definite, positive and emphatic statement was made to this Commission that the Nash Board would not accept the Rocky Mount formula of a mean ratio between property valuation and school enrollment. The Nash Board said it was willing to contribute \$45,000 to the purchase of the lot. It said that it was willing to allocate school building funds according to an agreed equitable formula. It said that the only formula which it considered equitable was the school enrollment ratio. In other words, the Nash County Board told this Commission that it insisted upon a formula not greater than the ratio of Rocky Mount school children residing in Nash County to all school children residing in Nash County. There was not a dissent to this statement to this Commission.

This Commission also met with the Board of Commissioners of Edgecombe County on August 18, 1947. There were present all of the commissioners except the Chairman and there was present the county attorney. The Edgecombe Commissioners told this Commission that they had no objection to the site of the new high school on the Nash side. They further stated plainly that they were willing to contribute \$30,000 now to the purchase of the site. With respect to the formula they were firm. They said that they would not agree to any contribution formula larger than the ratio determined by school enrollment; namely, the ratio of Rocky Mount school children

resident in Edgecombe County to all school children residing in Edgecombe County. They said that they would, if necessary to accomplish Rocky Mount purposes, agree to the application of that formula.

Our Commission has been asked to make recommendations affecting this school situation.

As is well known, the expense of school operation has been taken over by the state. The cost of school capital construction and improvement is still the burden of the county. To provide adequate school facilities is the duty and obligation of the county commissioners. There is no statutory direction as to how that duty shall be discharged. It is their duty to furnish reasonable school facilities and to supply available funds for school construction purposes where those expenditures are needed.

That runs us squarely into the problem of considering county and city needs and the consideration of the reasonableness of the position taken by the Edgecombe County commissioners at all times and the position now taken by the Nash County commissioners.

School Enrollments

We give below table showing school enrollments for 1946 for Nash County, for Edgecombe County, for Rocky Mount (in Edgecombe and Nash) and for Tarboro in Edgecombe. That table also shows the division between white school children and negro school children.

	White	Negro	Total
Nash Rural	5771 (54%)	4895 (46%)	10666
Edgecombe Rural	2310 (36%)	4229 (64%)	8539
Rocky Mount	2780 (53%)	2454 (47%)	5234
Tarboro	1099 (49%)	1113 (51%)	2212

No figures are available to show how the Rocky Mount total enrollment is divided between Nash and Edgecombe Counties. However, school authorities indicate that the enrollment is approximately evenly divided be-

tween the two counties for all practical purposes. It is so treated and has been so treated in all instances in which this enrollment factor enters. If the Rocky Mount enrollment is divided evenly between the two counties that will give Nash and Edgecombe total enrollments as follows:

Nash	13,283
(rural plus half of Rocky Mount)	
Edgecombe	11,308
(rural plus half of Rocky Mount and all of Tarboro)	

Although the figure will be some what more arbitrary because of the Rocky Mount situation, the division between white and Negro would be as follows:

	White	Negro
Nash	7,161 (53%)	6122 (47%)
Edge	4,799 (42%)	6569 (58%)

When these totals are used to produce percentages it appears that Rocky Mount has 20 per cent of the total Nash enrollment and Rocky Mount has 23 per cent of the total Edgecombe enrollment.

We made inquiry into the history of capital outlay appropriation in each County. Below is a table showing capital outlay appropriations of Edgecombe for 1933-48 inclusive divided as between county schools, Tarboro schools and Rocky Mount schools. There is added the item of bond issue assumption as divided between county schools, Tarboro schools and Rocky Mount schools.

CAPITAL OUTLAY APPROPRIATIONS 1938 to 1948

County Schools	Tarboro Schools	Rocky Mt. Schools
Approved	Approved	Approved
1938-39		
\$ 1,388.00	\$ 2,925.00	\$ 1,790.00
1939-40		
2,490.09	6,000.00	3,660.60
1940-41		
16,681.00	15,000.00	17,712.00
1941-42		
20,445.31	4,800.00	5,173.44
1942-43		
3,600.00	4,850.00	2,600.00
1943-44		
4,000.00	1,200.00	1,481.25
1944-45		
6,000.00	6,850.00	8,281.58

1945-46		
33,500.00	5,700.00	10,000.00
1946-47		
11,000.00	9,000.00	10,000.00
1947-48		
15,000.00	8,000.00	10,000.00
Total Regular outlay	\$237,918.27	
\$114,084.40	\$54,125.00	\$89,708.87
1/37 bond issue	\$50,000.00	
\$ 74,000.00	\$85,000.00	\$91,000.00

189,084.40	139,125.00	160,708.87
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Percentages - Regular outlay: County schools, 47 per cent; Tarboro 25 per cent; Rocky Mount 28 per cent.

1937 bond issue: County schools 30 per cent; Tarboro 34 per cent; Rocky Mount 38 per cent.

Rocky Mount has 23 percent of Edgecombe school enrollment, Tarboro 19 percent and the other parts of the county 58 percent. When those percentages are compared to capital outlay appropriations it will be seen of the regular outlay Rocky Mount has received 28 percent and Tarboro 25 percent and the county schools 47 percent. Of the bond issue assumption the benefits were distributed as follows: Rocky Mount 38 percent, Tarboro 34 per cent, County schools 30 percent. As between Rocky Mount and the remaining county schools of Edgecombe County including Tarboro, Rocky Mount has received more than its school enrollment ratio of current capital outlay appropriations and bond issue assumptions. If the school enrollment ratio is the correct criterion for division of funds Rocky Mount has been well favored in the past.

When the current capital outlay appropriations and the bond issue assumptions for Rocky Mount are compared with similar items for Tarboro it appears that there has been substantial equality on a school enrollment basis. An exact ratio of 23 percent for Rocky Mount to 19 percent for Tarboro would produce for Tarboro approximately \$133,000 whereas the above table shows that it has received approximately \$139,000 or \$6,000 more than its exact school enrollment ratio, which, on the as-

sumption of the fairness of an exact ratio, would mean an excess of approximately 4-1/2 percent. We, therefore, conclude that Rocky Mount has no complaint as to Edgecombe County's comparative treatment as between Rocky Mount and Tarboro schools if school enrollment is the proper criterion for the division of construction money.

We give below a table showing capital outlay appropriations for Nash County as between rural schools and Rocky Mount schools.

CAPITAL OUTLAY APPROPRIATIONS 1935 to 1948 Nash County

1938-39	Rural	Rocky Mount	Total
	50,115.00	8,400.00	\$58,515.00
1839-40	39,500.00	12,500.00	52,000.00
Braswell School	71,000.00	71,000.00	
1940-41	41,500.00	2,000.00	46,500.00
1941-42	78,950.00	1,614.89	80,564.89
1842-43	24,000.00	3,600.00	27,600.00
1943-44	40,500.00	700.00	41,200.00
1844-45	30,000.00	30,000.00	60,000.00
1945-46	66,000.00	15,000.00	81,000.00
1946-47	62,475.00	23,531.25	86,006.25
1847-48	141,600.00	57,000.00	198,600.00
Total	\$17,840.00	\$25,345.94	\$802,985.94

*Slightly over 28 per cent of total

What City Received

With 20 percent of the Nash County school enrollment Rocky Mount has received over a period of 10 years 28 percent of Nash County capital outlay appropriations. If the school enrollment ratio is the proper criterion for the division of capital funds Rocky Mount has no complaint against Nash County for past treatment.

We now proceed to the consideration of two matters. First, we shall consider the general theory

as to the allocation of funds available for school construction purposes assuming that there are equal needs in a city and in a rural portion of the county of which that city is a part. Second, we shall consider the comparative needs in Nash County, Edgecombe County and the City of Rocky Mount.

Assuming equal needs between city schools and county schools, there will always be presented in North Carolina the situation that the ratio of property valuations in a city to property valuations in a county exceeds the ratio of city school enrollment to county school enrollment. Any formula, which includes property valuation as an element will result in the allocation for city school children of a greater proportion of county funds than for rural school children.

This Commission believes that North Carolina is firmly and definitely committed to a policy of equal educational opportunity to all of the children of the state wherever they may reside. Taxable wealth is largely concentrated in the cities. We believe that it is a sound principle and a principle to which North Carolina is generally committed, that the wealthy cities should contribute to the educational opportunities afforded by the poorer rural communities. If a theoretical formula is to be established for the division of overall county funds raised by taxation of city property and rural property, the most equitable formula is one based upon number of children in the county. Therefore, this commission does not recommend the Rocky Mount proposed formula introducing property valuation as an element, but recommends the formula proposed by the Boards of County Commissioners of Edgecombe and Nash Counties, namely a division of county school construction funds according to school enrollment.

Of course, any theoretical formula is subject to variation because of time to time needs. That gets us into the problem of comparative county and city needs.

An employee of this Commission has visited most of the

schools in Edgecombe County, Nash County and Rocky Mount. The members of the Commission have visited representative schools in various sections of Edgecombe and Nash Counties and some of the Rocky Mount schools. As a result of those studies we could go into the matter in great detail. We do not think that necessary. There are certain generalizations which can be made which will suffice.

In Edgecombe County the immediate needs are quite clear and pressing. It will be noted that in the rural schools of Edgecombe County, eliminating Rocky Mount and Tarboro, there are enrolled 2310 white children (38 percent) and 4229 Negro children (62 percent). The white school buildings in Edgecombe County are all brick. They are not crowded. In fact, in two of the white schools there is so much available room that the Board of Education of Edgecombe County and the County Commissioners are seriously considering recommending the abandonment of those schools as white schools and their conversion into Negro schools. There appears to be little need for white school construction in rural Edgecombe County.

On the other hand the need for the construction of buildings for Negro schools in Edgecombe County is clear and is pressing. There are three or two Negro school buildings in Edgecombe County. Of these only one is of brick construction. Many of them are very small frame buildings. Some of them are in very bad condition. Most of the Negro schools do not have indoor toilets.

As determined by statisticians for the State Board of Education the per room valuation of rural white schools in Edgecombe County is \$8,596 and the average per pupil is \$268. The per room valuation of rural Negro schools in Edgecombe County is \$1,224.00 and the average per pupil is \$33. Without saying more, it is perfectly obvious that there is an urgent and pressing need for the application of a substantial expenditure for the construction of modern schools for Negro

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Nash School Status

In Nash County the white school situation is somewhat different but the Negro school situation is about the same as in Edgecombe County. In Nash County some of the white schools are somewhat crowded although not very badly so. At any rate they are fully utilized. Nash County has eighteen rural white schools, elementary and high, and all of them are of brick construction. Nash County has thirty-two rural Negro schools, elementary and high, and only two of them are of brick construction. The average per room valuation of white rural schools in Nash County is \$2769.00 or an average value per pupil of \$112. The average per room school valuation of the Negro rural schools in Nash County is \$1277 or an average value per pupil of \$32. The Nash County Negro schools are small, all but one are of frame construction and are inadequate for pressing needs. Again, from the most cursory examination it is apparent that there is an urgent and pressing need in Nash County for the expenditure of substantial sums for the erection of new and modern schools for Negro pupils in Nash County.

In Rocky Mount all schools, both for white and Negro students, are of brick construction except that one small frame building is used for vocational training of Negro students. They are comparatively modern and in good condition. They are somewhat crowded but not unreasonably so at the present time. However, in Rocky Mount it is quite obvious that excessively crowded conditions will soon develop and that additional school building facilities will be badly needed. It is the hope of the Rocky Mount authorities to erect a large and modern senior high school with will release enough room in buildings now being used for high school purposes to take care of the needs of the Rocky Mount

schools for a considerable period of time. This Commission has come to the conclusion that the need of the city of Rocky Mount for a senior high school is real and is certain.

There are two things which make the fact of Rocky Mount's increasing need certain. In the United States generally there has been a rapid increase in the birth rate in the past three years. This lays a heavy and unanticipated burden on our schools due to increase in birth rate only, the need to build more three or four years from now. Next, it is certain that Rocky Mount will grow. It has been and is now a progressive, energetic city. Its growth is as certain as anything can be. Therefore, we think it unquestionable that the need for additional room, which is existing but not extremely pressing now in Rocky Mount, will be very pressing even before a large high school could be completed.

When we get to the question of balancing needs and comparing the urgency of the county needs and the city needs we get to a very difficult subject.

We have given that very serious consideration. It is our mature conclusion that the most immediate and pressing needs upon which of the three municipal entities are the need in Edgecombe County for the construction of Negro school buildings and the need in Nash County for the construction of Negro school buildings. On the other hand, there is a great deal more certainty as to how the need of Rocky Mount can and should be satisfied. The wise procedure is much more certain in the Rocky Mount case.

There is considerable uncertainty as to how rapidly the need of Edgecombe County and Nash County for Negro rural schools should be satisfied. Because of the considerations stated below we think that the county authorities should proceed slowly and carefully.

Population Trend

Over the United States as a whole there has been and there

is now a definite trend of population towards cities. That trend is shown by the following figures.

U.S.	Urban	Rural
Population	Population	Population
1790	5.1	94.9
1800	5.2	94.8
1820	7.2	92.8
1840	10.8	89.2
1860	19.8	81.9
1880	28.2	71.8
1900	39.7	60.3
1920	51.2	48.8
1940	56.5	43.5

That trend has been definitely less in North Carolina than in the United States. In North Carolina the 1840 rural population was 72.7% of the total population as compared with a rural population in the United States of 43.5 per cent. But also in North Carolina the trend has been toward the increase of the percentage of urban population. In 1930 the North Carolina rural population was 74.5 per cent. In 1920 it was 80.8 per cent. In 1900 it was 90.1 per cent. In 1880 it was 86.1 per cent. It may well be that as industry in North Carolina grows to what is its proper place in the national scale the rural population of Nash and Edgecombe Counties will greatly decrease. That continuous flow of people from rural areas to cities makes it very important that county authorities in the execution of plans for rural school construction proceed carefully and slowly.

There are other features of rural population groups which require careful consideration. The growing mechanization of agriculture has a definite tendency to reduce the number of workers on the farm and diminish the density of population in rural areas. Fewer men can cultivate more acres. Furthermore, there is ever present the element of the shifting of population centers as between negroes and whites. A community which at one time has a high percentage of negro school children may in five years have a very small negro school population and a much larger white school population and vice-versa. The school authorities of both counties are, very properly, giving this subject a very close

study.

The effect of those two elements, drift of rural residents to cities and the shifting of centers of population, is very well illustrated in the white school situation in Edgecombe County. The rural white schools of Edgecombe County are not crowded. There is spare room in nearly all of the white schools of Edgecombe County. In at least two communities white residents have so diminished that the brick school buildings erected for white pupils in those communities are utilized to less than half of their capacity and county authorities are seriously considering abandoning them as white schools.

All of the above considerations point to the conclusion that permanent school building construction in the rural areas of Edgecombe and Nash Counties should proceed slowly and gradually and with caution. A rapid construction program would be beset with the danger of waste.

On the other hand, in Rocky Mount there is no danger of the shifting of population or the shrinking of population. It is certain that additional school facilities will be badly needed in Rocky Mount and very soon.

Therefore, it is our conclusion that the more pressing nature of the need for negro schools in Nash and Edgecombe Counties is balanced by the more certain nature of the need for the high school in Rocky Mount.

It is our conclusion that the Board of Education and the Board of County Commissioners of Edgecombe County would be justified in concluding that there are present school needs in the City of Rocky Mount and that there are present school needs in the rural areas of Edgecombe County and that those needs are immediate and are pressing and are of equal importance. This Commission so concludes.

It is our conclusion that the Board of Education and County Commissioners of Nash County would be justified in reaching a similar conclusion. This Commission has reached such a conclusion.

It is therefore, our recommendation that the Board of Education and Boards of County Com-

missioners in both counties should proceed with both programs.

As we have heretofore indicated, it is our recommendation that the money available now and in the foreseeable future in Edgcombe County for capital construction purposes should be divided generally according to the formula of ratio of school enrollment. It is our recommendation that a similar course be followed in Nash County.

Practically the same means, if our recommendation should be followed, that, if Rocky Mount desires to construct its high school now, the next Legislature should enact a statute which would enable Rocky Mount to become a special tax school district in accordance with the so called Cleveland County plan or the so called Buncombe County plan. Rocky Mount would submit the question of issuance of bonds to its voters. If carried the bonds would be issued and would become the fiscal obligation of the people of Rocky Mount and a charge upon the property in Rocky Mount. Rocky Mount would concurrently receive a co-subsistent from the Edgcombe authorities and the Nash authorities that Edgcombe County money available for school construction purposes would be allocated on the school enrollment ratio and that this course would be followed certainly as long as the high school

bonds for the Rocky Mount high school are outstanding and unsatisfied. Rocky Mount would receive a similar co-subsistent from Nash County.

Health, Hospitals

VI. HEALTH AND HOSPITALS.

The point has been made by representatives of the City that there are expenditures in both Nash and Edgcombe Counties very substantial sums for public health; that the county health work of neither county extends into the City of Rocky Mount; that Rocky Mount should receive an equi-

table distribution of the county health funds.

As a part of its health operations Nash County owns and operates a tuberculosis hospital. The Rocky Mount citizens resident in Nash County receives treatment in that hospital and there was no suggestion or intimation of any discrimination. It is the conclusion of this Commission that the Nash County funds expended on the Nash County tuberculosis hospital are expended equally for the benefit of all the citizens of Nash County no matter where they reside.

With respect to the expenditure of other Nash County funds for public health work there is a different situation. The City of Rocky Mount conducts its own Health Department. The Nash County health work stops at the city lines. This Commission thinks that is an inequitable situation.

The city health programs are usually such that they can best be conducted by a City Health Department. Nash County contributes \$1800 per year to the operation of the Health Department of Rocky Mount. Such contribution is in lieu of county health work operations in the city. This Commission thinks such a contribution is inadequate. The Nash County commissioners have indicated their agreement with this view. It is the recommendation of this Commission that the Nash County health funds, funds budgeted for county-wide health work, should be divided on a population basis, and that, in lieu of operating in the City of Rocky Mount, Nash County should allocate and pay to Rocky Mount that part of the Nash County health funds (after elimination of funds for tuberculosis hospital) which results from an allocation on the ratio of Rocky Mount's population resident in Nash County to the total Nash County population.

The County Commissioners of Nash County have indicated that they are agreeable to the allocations of funds in accordance with such a formula.

What we have said about Nash County health funds applies precisely to Edgcombe County.

Edgcombe County likewise operates a county tuberculosis hospital. The benefits of that hospital extend equally to all of the residents of Edgcombe County, including the Rocky Mount residents in Edgcombe County. There is no inequity with respect to the money spent for the Edgcombe tuberculosis hospital.

The remaining county health funds are devoted to general county health work. That work stops at the Rocky Mount city limits. Edgcombe County apportions \$1800 to Rocky Mount's health work. That we think is inadequate. It is our recommendation that the Edgcombe County health funds (other than those expended for its tuberculosis hospital) be divided and that a portion be turned over annually to the City of Rocky Mount in accordance with the formula that we have above set forth; namely, a proportion of the health funds equal to the ratio of Rocky Mount citizens resident in Edgcombe County to all residents of Edgcombe County. The Edgcombe County authorities have indicated their agreement with this view.

This Commission was asked to comment on hospitals and the construction of hospitals under the new state and federal health legislation. The operation of that health program has just begun. We do not believe that the situation is so settled as to permit any intelligent conclusions as to how the unfortunate situation in which Rocky Mount finds itself may be remedied, it being unable to get the full support of both or, perhaps, of either of the counties for the location of a joint hospital in Rocky Mount. We are not prepared to say that the county attitude with reference to such a solution of the hospital problem is unreasonable.

Welfare Funds

VII. WELFARE FUNDS.

From investigation made by and under the supervision of this Commission it appeared that expenditures of welfare funds in Nash County and expenditures of

welfare funds in Edgcombe County are made for the benefit generally of all of the residents of each county irrespective of their places of residence. There was no intimation or complaint of discrimination by either county in favor of residents of the county outside of Rocky Mount.

It is true that there are large additional expenditures for public welfare in Rocky Mount as the result of the large charitable contributions to the Rocky Mount Community Chest.

There is nothing in that situation which requires adjustment. This Commission thinks that the handling of county welfare funds in uniform and equitable and it makes no recommendation for change.

Of course, there are kindred matters which require joint handling and cooperative action. For example, each county has a county library service operated with State aid. Rocky Mount has a municipal library. The avoidance of duplication, the utilization to maximum capacity of the Rocky Mount plant, the possible combination of the library services in certain areas, are questions which do not lend themselves to ready solution by formula. Like many other joint problems their solution will result only from diligent study and informed cooperation. We have no doubt but they will be so solved. VIII. VALUATIONS FOR TAXATION AND DUPLICATION OF GOVERNMENTAL AGENCIES

The point was made to this Commission that inquiry should be made into the subject of equality of valuation of real property for taxation. The contention was made by some Rocky Mount spokesmen that property is valued in the City of Rocky Mount and in the County of Nash with reasonably comparable relation to market value; that property is valued in Edgcombe County outside of Rocky Mount at a much less ratio to market value than is Edgcombe County property in Rocky Mount; that this results in inequity and injustice to those property owners in Rocky Mount on the Edgcombe side.

The latest general assessments in all units were made in 1941.



Since then certain adjustments have been made.

The comparing of property valuations is always perplexing and is often misleading. There are many ways exist in the large field of property some inevitable discrepancies between the values of individual properties. The confusion caused by minute inspection of individual discrepancies is heightened today by a real distortion of sales prices. It is almost impossible today to determine real market value from current sales. The sales prices of too many pieces of city residential and business properties are fixed by the urgent needs of individual purchasers rather than by a fair market. The sales prices of too many pieces of farm lands are fixed by the tobacco allotment.

The members of this Commission did not make any effort to analyze recent sales in order to inquire into values of particular pieces of property. We confined ourselves to general city and county figures and to opinions from persons in a position to have opinions of value.

First, we turn to valuations in Rocky Mount. Excluding property valued by the State Board of Assessment, real estate in Rocky Mount on the Edgecombe side was valued for 1947 at \$7,750,891 and real estate in Rocky Mount on the Nash side was valued at \$10,001,425. Using Edgecombe as a base, the Nash valuation was 29 percent in excess of the Edgecombe valuation.

Personal property in Rocky Mount on the Edgecombe side was valued at \$4,045,333.

Personal property in Rocky Mount on the Nash side was valued at \$4,346,575.

Again, using Edgecombe as a base, the Nash valuation was 57 percent in excess of the Edgecombe valuation.

Those figures were taken from a statement furnished by the City of Rocky Mount and, while there are some departures from these figures on the counties' reports, the differences are not sufficient to affect results materially.

From these figures no valuable conclusion can be drawn.

The population of Rocky Mount on the Nash side in 1940 was 13.46 percent greater than the population in Rocky Mount on the Edgecombe side. Although population is not a very good criterion for tax values, nevertheless, a difference of 13.46 percent in population and 29 percent in real estate valuations would seem to require explanation. We think that the explanation which we found was adequate.

Even a casual visitor looking at the stream of pedestrian and vehicular traffic on the west side of the railroad is compared with the stream on the east side will immediately conclude that the property on the west side must be the more valuable property. Further inspection discloses that Rocky Mount has been and is growing more toward the west than toward the east.

The population figures were for 1940 whereas the valuation figures were for 1947. Since 1940 it is certain that the population on the west side of Rocky Mount has increased more rapidly than the population on the east side.

The personal property valuation figures are significant. Those valuations are reasonably accurate for the property valued. The personal property valuation on the Nash side of Rocky Mount for 1947 was 57 percent greater than the personal property valuation on the Edgecombe side. Even recognizing the tendency to shift movable property, such as tobacco in hogsheds, to the Nash side because of the lower county tax rate, it seemed to this Commission that those figures indicated much greater wealth and much greater value on the Nash side than on the Edgecombe side.

We then turned to opinions. They were very illuminating. About half of the informed persons with whom we talked were of the opinion that the property in Rocky Mount on each side of the railroad was valued in a fairly comparable manner. They saw no discrimination or injustice. About half thought that property in Rocky Mount on the Edgecombe side was valued at a higher ratio to true value than was property in Rocky Mount

on the Nash side. Not a single person with whom we talked was of the opinion that property in Rocky Mount on the Edgecombe side was valued at a lower ratio to true value than property in Rocky Mount on the Nash side.

This Commission concluded that certainly there was no discrimination against Rocky Mount in the Edgecombe valuations of Rocky Mount property.

It may well be, and we think it probable, that Rocky Mount property on the Edgecombe side is now on the tax books at a higher ratio to true value than is Rocky Mount property on the Nash side. This, we think, results in large part from the age of the valuation, 1941, and from the fact that since 1941 the trend of trade and traffic and the trend of growth has enhanced the value of property on the Nash side more rapidly than it has enhanced the value of property on the Edgecombe side. We found no evidence whatever of intentional, arbitrary or unjust discrimination in the valuation of property in Rocky Mount.

There remains the argument advanced, to which we have referred above, that rural property in Edgecombe County is valued at a lower ratio to true value than is property in Rocky Mount on the Edgecombe side. If true, this would mean not a discrimination against Rocky Mount but a discrimination by Edgecombe County against the Edgecombe property in Rocky Mount. Again we found opinions divided. Several well informed persons were of the opinion that rural valuations in Edgecombe were on about the same basis as were rural valuations in Naab. If true, this would mean substantial equality between the Rocky Mount property in Naab and the Rocky Mount property in Edgecombe. Others thought the Edgecombe valuations were below the Nash ratio.

Valuation Methods

Again, we looked at some valuation methods and at some general figures rather than at speci-

fie properties. We made inquiry into the method of valuation of rural property in Edgecombe and in Nash in 1941. We examined the information forms upon which the valuations were based. They seemed to be modern and complete and it appeared that they were prepared after rather careful investigation of approved methods in other states. The methods of valuation were very similar in both counties.

General statistics were enlightening. The latest printed report from the Department of Tax Research of the State of North Carolina covering year 1946 was distributed about February 21. That discloses some very interesting figures as to rural acreage valuations in Edgecombe and Naab counties. From page 326 of that report it appears that in 1945 (the latest year covered by the report on this phase of the matter) there were in Edgecombe County approximately 310,000 acres of rural land. Those acres were valued at \$9,249,000 or an average valuation of approximately \$30.00 per acre.

From page 330 of that report it appears that in 1945 there were in Naab County approximately 337,000 acres of rural land and they were valued at \$11,420,000 or an average of \$34.00 per acre.

That makes a difference of \$4.00 per acre between the Nash and Edgecombe valuations. Using Edgecombe as a base, that makes a difference of approximately 13 per cent. Query, whether the Edgecombe valuations are below the Nash ratio to true value.

We made some inquiry into the type of farm ownership and operation. Everyone with whom we talked said that in Naab County there is much higher percentage of small farms owned by the operators who lived on the farms. In Edgecombe County there is a very high percentage of large plantations farmed by tenants. The natural result of that basic economic condition is that the value of farm buildings in Naab would be considerably greater than the value of farm buildings in Edgecombe. This increased value of farm buildings in Naab would tend to increase the aver-

age value of the rural acreage, because the value of farm building constitutes an important element in all valuations of rural lands.

The most recent report from the Rural Electrification Authority of the State of North Carolina confirms the above stated conclusions. As of June, 1947 there were in Edgecombe County 3,143 consumers served by rural electric distribution lines. Edgecombe County ranked thirty-second in the State in this particular.

As of the same date, there were in Nash County 2,132 consumers served by rural electric distribution lines. Nash County ranked fifteenth in the State in that respect.

We were told that there was a real difference between the land in Nash and the land in Edgecombe. The railroad appears to run just below what is generally known as the "fall line" of the streams which flow eastwardly through the two counties. The Nash land appears to be better adapted to tobacco. The Edgecombe land appears to be better adapted to peanuts. Nash raises a great deal more tobacco than Edgecombe. Edgecombe raises a great many more peanuts than Nash. This difference in the land and in the crops plus the difference in the farm ownership and operation, led us to expect a greater crop value in Nash than in Edgecombe. The most recent available statistics bore out this expectation. The latest figures furnished by U. S. Crop Reporting Service show that for the year 1946 Nash had 29,000 Acres to tobacco whereas Edgecombe had 18,760 acres in tobacco. For that same year Nash had 5,100 acres to peanuts and Edgecombe had 28,800 acres in peanuts.

The same Crop Reporting Service has figures for that cash value of crops for the year 1945. The last year in which that service accumulated such information by counties. In that year the tobacco raised in Nash had a value of \$14,204,800 whereas in Edgecombe it had a value of \$9,084,300. The cotton raised in Nash had a value of \$94,020. The cotton raised in Edgecombe had a value of \$903,260. The

peanuts raised in Nash had a value of \$605,050. The peanuts raised in Edgecombe had a value of \$2,433,650.

For that year the money value of all crops raised in Nash had a value of \$10,191,020. Nash was fourth in the State in the value of all money crops. For that year, 1945, the money value of all crops raised in Edgecombe was \$14,902,300. Edgecombe ranked tenth in the State.

Using Edgecombe as a base, the money value of all crops raised in Nash was 28 per cent greater than the money value of all crops raised in Edgecombe. A more significant figures can be secured by equalizing the acreage.

The acreage in Nash is approximately 10 per cent greater than the acreage in Edgecombe. Increasing the value of Edgecombe crops by 10 per cent to get a comparable figure we find that the money value of crops in Nash was 18.7 per cent greater than the money value of crops of Edgecombe on a comparable acreage.

Farm Valuations

Certainly this leads to the conclusion that consideration of the excess value in farm buildings in Nash and consideration of excess money productivity of the land in Nash would indicate that a 13 per cent lower valuation of farm land in Edgecombe is not inequitable or discriminatory. It is the conclusion of this Commission that the evidence before it indicates plainly that the Edgecombe average rural land value, \$30.00 per acre, and the Nash average rural land value, \$34.00 per acre, are fairly comparable. Therefore, it is our conclusion that tax valuations do not present a problem for any special action. Such inequities as have resulted from the passage of time and the change of conditions since 1941 can best be corrected at the time of the next general revaluation.

However, the valuation problem presents very important considerations to be borne in mind in the future. Soon there must be

revaluations of property in Rocky Mount and in Nash County and in Edgecombe County. We think it highly important to all of those three municipal entities that those valuations be made concurrently, that they use the same methods and, if possible, be made under a single directing head.

Certainly it is absolutely necessary that all property in Rocky Mount be valued according to the same methods and be valued at the same rate to true value. It must follow that the same methods and the same ratio used in valuing Rocky Mount property on the Nash side must be used in valuing other property in Nash County. Similarly, the same methods and the same ratio used in valuing Rocky Mount property on the Edgecombe side must be used in valuing other Edgecombe property. This makes concurrent and similar valuations in the three units necessary.

We found no difference of opinion on this point in Edgecombe County, Nash County or Rocky Mount. All of the persons with whom we talked agreed that this was highly desirable and was necessary. It now seems that it will be done. We strongly recommend that, when Rocky Mount, Edgecombe and Nash County properties are revalued for taxation, the three units confer and the cause the valuation to be made either by some independent single agency or that they be made concurrently and that representatives of the three municipal entities, the city and the two counties, act together.

There is some duplication of county operations in the City of Rocky Mount, such as two county tax offices and two deputy sheriff offices. They do not result in very large money outlays. It does not seem feasible to eliminate such duplications as do exist. With respect to them we do not have any recommendation to make.

Rocky Mt. Court

IX ESTABLISHMENT OF A ROCKY MOUNT COURT

The suggestion was made to this Commission that there should be established in Rocky Mount a court of jurisdiction similar to the Superior Court. The proponents of such a movement relied upon the inconveniences to litigants, witnesses, jurors and attorneys involved in attending court at Nashville and at Tarboro.

The Commission does not think that the degree of such inconvenience indicates the desirability of establishing such a court.

Nash County and Edgecombe County are in the same judicial district, the second district. The Resident Judge of that district resides at Nashville, ten miles from the city of Rocky Mount. There are, each year, thirteen weeks of Superior Court at Nashville and ten weeks of Superior Court at Tarboro. Those courts do not conflict as to time. It is our information that in both counties the courts are well up with their calendars and that long delays are not experienced either in the civil or criminal courts. In fact no argument was advanced to this Commission that congestion of either court was existent or was a reason for the establishment of a new court. The only argument made was the argument of distance, the convenience of the Rocky Mount people who had to attend either court. Nashville is just ten miles from Rocky Mount and is connected with it by a good hard-surface road. Tarboro is just 16 miles from Rocky Mount and is connected with it by a good hard-surface road. Either county seat can be reached in less than 30 minutes. From the standpoint of time the citizens of Rocky Mount are probably as close to a county seat as are the majority of residents of North Carolina. Twenty-five years ago it is doubtful whether one fourth of the citizens of North Carolina could reach a county seat in less than 30 minutes. We do not think that it is a very great burden for a Rocky Mount citizen to take from fifteen minutes to a half an hour to reach his county seat.

X DIVISION OF PROFITS FROM ABC STORES

This is a burning issue. Nash County has ABC stores at the following points: Rocky Mount, Battleboro, Nashville, Spring Hope, Bailey, Middlesex.

The profits have been very large. They now amount to approximately \$225,000 per year. Nash County has allocated to each Nash County town in which a Nash County Liquor store is located 5 percent of profits for law enforcement. By virtue of 1947 legislation, Nash County allocates to each Nash County town in which a Nash County Liquor store is located 10 percent of annual net profits of that liquor store.

The treatment in Edgecombe County is different. Edgecombe County has liquor stores at the following Edgecombe County towns: Rocky Mount, Tarboro, Whitakers, Pinetops, Macclesfield.

Profits from their operation are very large. They now amount to approximately \$220,000 per year. Edgecombe County does not allocate any percentage of profits but makes a flat money allocation to Rocky Mount of \$200.00 per month for law enforcement. In effect this would mean an allocation to Rocky Mount of approximately 12 percent of the profits of the Rocky Mount store. Naturally this causes great discontent and dissipation. The comparison with the more generous treatment by Nash is and will be a constant source of irritation, argument and strife.

At the outset of the study of the problem it is perfectly apparent that it is highly desirable to eliminate the difference between the Nash County treatment and the Edgecombe County treatment if possible.

The equitable and correct division of liquor store money is a question of great uncertainty and one which has been the subject of a great deal of debate. And debate about any matter which touches liquor is debate which is always heated.

For years, ever since the advent of county liquor stores, controversy has raged about the division of liquor store profits. The

fact that the annual county liquor store profits have run into hundreds of thousands of dollars has made the controversy important. The fact that liquor is involved has made the controversy one in which reason was frequently clouded.

County Contention

The counties have said that they got to the source of revenue first, that they need the money, that in the county treasury the benefit of the profits will extend equally to all of the payers of county taxes, and that this included residents of a city as well as residents of rural areas.

The cities have said that most of the liquor store patronage comes from the cities, that the burden of law enforcement occasioned by liquor consumption falls on the city law officers, that in recent years county service demands have lessened (for example because of state assumption of burden of school operation and road maintenance), that city service demands have increased, that city sources of revenue have not kept pace with city service demands, that the cities need the money more than the counties need it.

As those arguments have raged, no pattern of solution has developed.

A statement about the history of the ABC stores is needed at this point.

In the last days of the Legislative Session of 1935 ABC stores were born.

On May 11, 1935, the Legislature ratified an act (Public Laws 1935, Chapter 418) authorizing ABC stores in New Hanover County upon approval by a vote of the people of the county. The act provided that 75 percent of the profits of a store located in any incorporated city should go to the city.

On May 11, 1935, the Legislature ratified an act (Public Laws 1935, Chapter 493) authorizing ABC stores in 17 counties upon approval by a vote of the people in the county concerned. Those counties were Pasquotank, Carteret, Craven, Onslow, Pitt, Mar-

tin, Beaufort, Halifax, Franklin, Wilson, Edgecombe, Warren, Vance, Lenoir, Rockingham, Nash and Greene. The act provided that in Pasquotank County the profits of the Elizabeth City store (Elizabeth City is the only incorporated city in Pasquotank County) should be divided between the county and the city in the proportion of taxable values in Elizabeth City to taxable values in the remaining part of Pasquotank. In all other counties all of the profits were to be retained by the counties. In Rockingham County there was no ABC store. In Franklin County there are municipal ABC stores. In the remaining 15 counties there are county ABC stores.

So, the 1935 Legislation was the parent of county ABC stores in 16 counties.

Pursuant to enabling legislation passed by subsequent legislatures there have been established ABC stores in three cities (Asheville, Louisville and Franklinton) and in ten counties (Durham, Dare, Chowan, Cumberland, Wake, Mecklenburg, Washington, Bertie, Moore and Tyrrell).

In the 1935 legislation dealing with all 18 counties the great weight of the profit division problem was with the counties rather than the cities. In only two of the original counties covered by 1935 ABC Acts was there recognized the right of a city to receive a part of the profits.

Of the ten counties dealt with by subsequent legislation the prevalent initial rule was to leave all profits in the county treasuries.

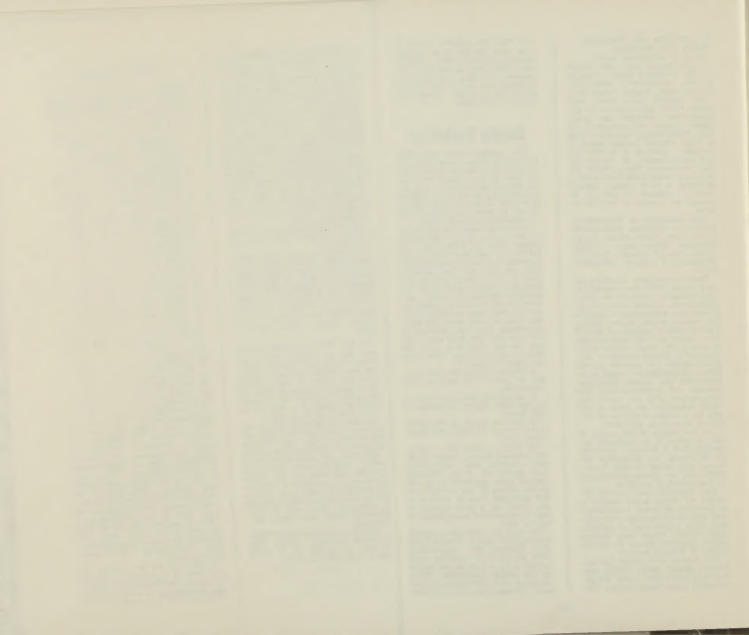
However, by subsequent legislation, enacted from session to session, the right of the cities to share, and to share in increased proportion, has been recognized. (The initial generous shares to Elizabeth City and to New Hanover cities have been decreased.)

The status today of the division of profits between cities and counties is shown by a table which is set forth below.

ABC Profits

NORTH CAROLINA. A. B. C. STORES AND PERCENTAGE OF PROFITS CURRENTLY GOING TO CITIES - GIVEN IN ORDER OF PERCENTAGE

1. Louisville and Franklinton (Franklin Co.)	100
2. Asheville (Buncombe County)	75
3. New Hanover Co.	66 2/3
4. Mecklenburg Co.	50
5. Durham Co.	50
6. Pasquotank Co.	50
7. Carteret Co.	35
(5 pct. of gross - 35 pct. of net)	
8. Halifax Co.	25
9. Lenoir Co.	25
10. Wilson Co.	25
11. Martin Co.	20
12. Dare Co.	15
13. Vance Co.	15
14. Craven Co.	10
15. Greene Co.	10
16. Nash Co.	10*
17. Warren Co.	10
18. Washington Co.	10
19. Onslow Co.	10
20. Wake Co.	7 1/2
(not less than 5 pct. not more than 10 pct.)	
21. Beaufort Co.	0
22. Bertie Co.	0
23. Chowan Co.	0
24. Cumberland Co.	0
25. Moore Co.	0
26. Pitt Co.	0
27. Tyrrell Co.	0
28. Edgecombe Co.	0
*This table states only percentages of profits set forth in the several applicable statutes. It takes no account of moneys granted to cities (by Board action in several counties) out of the 10 per cent law enforcement fund. For example, Nash County, in addition to the 10 per cent of net profits awarded by statutes allows 5 per cent for law enforcement.	
So, it appears that there are 28 counties in which there are Alcoholic Beverage Control stores. The underscoring of Control is purposeful.	
In 20 of those 28 counties all or a part of the profits go to the cities. Among these 20 the average percentage of profits going to cities is 32 1-2 percent.	



If the 8 counties, in which no part of the net profits goes to cities, are included it is found that in the 28 counties the average percentage going to cities is 22.1.

Average percentages mean little. Money percentages (weighed percentages) are more significant. If the cities' percentages of profits are applied to actual profits for the year ending June 30, 1947, in the 25 counties in which there were ABC stores for that year and are applied to the conservatively estimated profits of the ABC stores in the three units entering the field after the 1947 legislative session (those in Mecklenburg, Franklin and in Buncombe Counties) we get more enlightening figures. Such a computation shows that of the current profits of all ABC stores in North Carolina at least 30 per cent is going to cities.

From the foregoing table and factual conclusions it is impossible to evolve any rule or principle as to the division of profits.

However, there is observable, particularly from the 1947 legislation, a definite trend. There is a trend toward establishing a division with cities in counties where theretofore no division had been and toward the increase of the share of cities where there was an existing division. The 1947 legislature enacted 10 statutes creating initial divisions with cities or increasing existing divisions. Those statutes created or enlarged city participation in Carteret, Craven, Dare, Halifax, Lenoir, Nash, Onslow, Wake, Warren and Washington counties. In one instance, Mecklenburg, the 1947 Legislature authorized ABC stores, upon a vote of the people of the county, with a division of 50 per cent to the city.

Additionally, there was observable in the 1947 legislation a startling development. It is, possibly, a revolutionary departure from the established precedents. There was enacted 1947 legislation authorizing the establishment of city ABC stores in four cities upon a vote of the city voters. Those four cities were

Asheville, Hickory, Louisburg and Franklinton. According to that legislation the city was to keep all of the profits, except in the case of Asheville, where 25 per cent of the profits was to go to the county. By city votes, stores have been authorized and established in Asheville, Louisburg and Franklinton.

Obviously, no rule of reason has been applied to the problem of division of ABC store profits. There is no uniformity about the divisions. They have not developed in any pattern. They have just grown.

But the growth has been in the direction of larger stores for cities and in the direction of city ABC stores. Both tendencies may well be very disturbing. If the existence of alcoholic beverage control stores tends to control the liquor evil in places where those stores exist, and it must be presumed that they do so, then or they would not have legal existence, then their continued existence, and their continued control of the liquor evil may well be seriously threatened, first by a continuation of a squabble about division of profits and, second, by the increase of city ABC stores without the approval of the voters of the counties in which the cities are located.

It seems to this Commission that the several divisions of profits have depended not so much upon reason and sound policy as upon two very different things, namely:

1. What city or county unit happened to get hold of the liquor store profits first, and
2. What is the political potency of the cities' voters and politicians with the legislative representative elected by the county at large.

Sound Policy

We think that sound public policy requires the application of reason and uniformity to the subject of disposition of public funds arising from sale of liquor. Certainly it is perfectly apparent that any lack of reasonable or

uniform division in Nash and Edgecombe Counties is going to breed destructive discord and strife.

We assume that no county went into the liquor business for the purpose of making money. No county should stay in the liquor business for the purpose of making money. Each county now in the liquor business can justify it only because of the purpose of curbing an evil thing. We do not here debate or express an opinion on the question whether the ABC store is the best known practical way of curbing the liquor evil. Many men and many counties have different opinions on that. But we do say with definiteness and with certainty that such county as North Carolina which is now in the liquor business is in it for the one and only purpose of curbing the liquor evil. The large profit which results is an incident to the exercise of the police power. No county and no city has the shadow of a claim to liquor store profits based on the argument of original discovery of a source of revenue. No one was looking for a source of revenue. Liquor stores cannot possibly be justified as sources of revenue. Liquor stores are police power agencies. The profit is a windfall.

But the revenue is there. It is an incident of a police measure designed to curb the liquor evil in a given area, the county. The revenue is an incidental benefit to the people of that area. Then the most equitable disposition of the revenue is to let the people of the area share that incidental benefit on an equitable basis. The best known way of sharing money in the public treasury is to give to the taxpayers in the area relief from the burden of taxation.

We think that it is a first conclusion with which everyone will agree that all of the profits from the operation of the county liquor stores should be devoted to lightening the tax load of the taxpayers who reside in the area of the liquor store, the county. The universal tax load is the ad valorem tax load. So, liquor store profits should be used to lighten the burden of ad valorem taxes and to lighten that burden

equitably, equally and uniformly.

But the county says that if the county keeps all of the money then each payer of county ad valorem taxes will receive a benefit and as city people also pay county ad valorem taxes, the residents of a city will get equal benefit with the residents of rural areas.

That argument overlooks the important fact that the resident of a city and the resident of a rural area do not pay equal or fairly comparable ad valorem taxes. The resident of a city pays two ad valorem taxes, his county ad valorem tax and his city ad valorem tax. The resident of a rural area pays only one ad valorem tax, his county ad valorem tax. Equitable distribution of a benefit requires the same proportionate tax relief to all payers of ad valorem taxes in a county. To give relative proportionate tax relief to all the payers of ad valorem taxes in a county it is necessary that a city taxpayer receive a reduction in both his county ad valorem tax burden and his city ad valorem tax burden.

For example, suppose a rural resident gets a reduction of 10 per cent in his county ad valorem tax bill. For a city resident to receive similar proportionate tax relief he must get a reduction of 10 per cent on his county ad valorem tax bill and a reduction of 10 per cent on his city ad valorem tax bill.

We think that it is a sound conclusion that liquor store profits have not been applied to uniform ad valorem tax relief unless distribution is made of these profits in such a manner that both city and county ad valorem taxes can be reduced by the same percentage.

Dividing Profits

That result can be achieved easily if all of the profits derived by a county from the operation of all of its liquor stores, wherever located shall be divided between the county and all of the municipalities therein in proportion to the total amount of ad valorem taxes levied by each during

the fiscal year preceding such distribution.

Our state has faced a precisely similar problem for many years. Since 1937 (Chapter 127, Public Laws of 1937) North Carolina has been collecting the only ad valorem tax laid on various intangibles. A percentage of the tax so collected has been distributed back to the counties, the amount of the percentage having increased from year to year. When that money gets back to the county level it is then money available for the benefit of all ad valorem taxpayers living in that county. It is now distributed and for many years has been distributed in each of the counties of North Carolina, as provided by North Carolina statute, between the counties and municipalities in each county in accordance with the several ad valorem tax levies. The distribution statute, G. S. 105-213, says "The amounts so allocated to each county shall in turn be divided between the county and all municipalities therein in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding such distribution."

We think that county liquor store profits ought to be divided between the county and the municipalities therein just as the intangible tax money is divided. We recommend legislation which will provide for dividing the profits of all Edgecombe County liquor stores and the profits of all Nash County liquor stores between the county and the municipalities in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding such distribution.

This will mean that the residents of each city in each county, whether a liquor store happens to be located in that city or not, would share in the profits equitably and fairly with every taxpayer in the county. Each ad valorem taxpayer in the county, whether he lives in the city or in a rural area, would get exactly the same total percentage relief in all of his ad valorem taxes.

XI. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The City of Rocky Mount has

many problems with Edgecombe County and with Nash County which require adjustments and agreements. Most of them relate to the equitable division of county funds. In their nature they are the same problem faced by every city in North Carolina and by every county in which a city is located. The Rocky Mount problems are much more difficult to solve because of the necessity of dealing with two counties rather than with one. The necessary background for the solution of all of the problems is diligent, tolerant and skillful cooperation between the three governmental entities, Edgecombe County, Nash County and the City of Rocky Mount.

The present situation of Rocky Mount is difficult but not intolerable. The members of this Commission do not think that there is any discernible danger of the situation becoming intolerable. We see no reason why Rocky Mount cannot continue to grow and prosper and work out its problems amicably with both counties. Because of their possible assistance in solving some of the most important of the immediate problems we made the recommendations summarized below.

1. We recommend that the best available Rocky Mount resident on the Edgecombe side of the railroad be drafted as a candidate for election to the Board of County Commissioners of Edgecombe County and that the leaders in Edgecombe County accept his candidacy and help to secure his election. We recommend the same course in Nash County.

2. We recommend that a separate county embracing only Rocky Mount do not be formed.

3. We recommend that the county lines do not be changed so that Rocky Mount should lie entirely in Edgecombe County or lie entirely in Nash County.

4. We recommend that no effort be made at this time to consolidate Edgecombe and Nash Counties. Eventually that may come and that would be the best ultimate solution of the split city problem. Such consolidation is not now feasible and its adoption for it would only result in harm.

5. We recommend that Edgecombe County funds available for and appropriated for school construction be divided between the county schools and the Rocky Mount schools in the proportion of all school children in Edgecombe County and all school children in Rocky Mount on the Edgecombe side of the railroad. We recommend that there be a similar division for Nash County funds available for and appropriated for school construction. We further recommend that funds derived from Nash and Edgecombe Counties under the plan of allocation described above be used by the school authorities either for new construction or for the payment of interest and amortization of bonds, of any, issued by a Rocky Mount school district for school construction purposes.

6. We recommend that if Rocky Mount desires to proceed with the construction of a new high school building at the present time, the next General Assembly be asked to enact a statute which would enable Rocky Mount to become a special school district with power, upon a vote of its qualified electors, to issue bonds for such construction, those bonds to be a fiscal obligation of such special school district.

7. We recommend that in Nash and Edgecombe Counties funds budgeted for general county health work (other than health funds used to support tuberculosis hospitals) be divided with Rocky Mount on a population basis.

8. We recommend that in the revaluation of property for taxation in Edgecombe County, Nash County and Rocky Mount, those three entities proceed concurrently and apply the same principles and the same ratio to true value and that they act under a coordinating supervisor.

9. We recommend that a separate court with jurisdiction similar to Superior Courts be not established in the City of Rocky Mount. It does not appear that the inconvenience of courts at Nashville and Tarboro justifies a separate Rocky Mount court.

10. We recommend that in each county the profits from all county ABC stores be divided between the county and all of the cities in the county as proceeds to tax

on intangibles available for distribution in the county are now divided; namely, in proportion to the total amount of ad valorem taxes levied by the county and its cities during the fiscal year preceding such division.

The members of this Commission were unanimous in reaching the conclusions and the recommendations set forth in this report.

Respectfully submitted,
William T. Joyner
Chairman

A. S. Brower
D. D. Carroll

Fatsiegh, N. C.
March 5, 1948

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Letter Service, Rocky Mount,
North Carolina

